

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-10 SSO-00

NSCE-00 INRE-00 USIE-00 AGR-05 OIC-02 IO-10 PA-01

PRS-01 AID-05 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 STR-04 CEA-01 NSC-05 L-03 H-02 TAR-01 /112 W

----- 112910

O R 091606Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 2716

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY BOGOTA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY GUATEMALA

AMEMBASSY MEXICO

AMEMBASSY MANAGUA

AMEMBASSY ABIDJAN

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E.O. 11652: N/A

TAGS: ETRD, EAGR, OCON

SUBJECT: COFFEE NEGOTIATIONS: PRODUCER REACTIONS TO
CONSUMER SUGGESTIONS

REF: LONDON 10459

1. CONSUMERS FORMALLY SUBMITTED PAPER SUGGESTING
POSSIBLE MECHANISMS FOR NEW ICA (TEXT REFTEL) AT MEETING
OF WORKING GROUP ON NEGOTIATION MORNING OF JULY 9.
ADVANCE COPY OF CONSUMER PAPER PASSED BRAZILIAN DELEGA-
TION PREVIOUS EVENING. CONSUMER SPOKESMAN (MUSGROVE OF
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CANADA) INTRODUCED PAPER BY STRESSING THAT CONSUMERS

RECOGNIZED ALLOCATION OF MARKET SHARES IS PRIMARILY A MATTER FOR PRODUCERS TO DECIDE AMONG THEMSELVES AND THAT IDEAS PUT FORTH IN SECTION I OF PAPER WERE NOT RPT NOT A CONSUMER ATTEMPT TO DICTATE DIVISION OF BASIC QUOTAS.

2. GUATEMALA DELEGATE (MONTES) LED OFF DISCUSSION BY THANKING CONSUMERS FOR THEIR EFFORT WHICH HE TERMED A "STEP FORWARD". TO GENERAL SURPRISE, BRAZILIAN REP (CALAZANS) THEN TOOK FLOOR AND PROCEEDED TO ATTACK CONSUMER PAPER IN EMOTIONAL TERMS AS "SUPERFICIAL, HOSTILE TOWARD BRAZIL, AND MOVEMENT BACKWARD."

3. CALAZANS OPENED HIS PREPARED STATEMENT BY SAYING THAT AFTER SIX MONTHS OF INTENSIVE TALKS AND ONLY 48 HOURS BEFORE END OF MEETING, CONSUMERS HAD CHOSEN TO PUT FORWARD A FORMULA FOR MARKET ALLOCATION WHICH, BY SUGGESTING INCLUSION OF "FREE MARKET" YEARS (1973-74) IN REFERENCE PERIOD, REOPENED QUESTION ON WHICH PRODUCERS HAD MADE GREAT PROGRESS IN RECENT DAYS. HE INDICATED CONCERN THAT CONSUMER SUGGESTION WOULD ENCOURAGE SOME PRODUCERS TO RENEW INTRANSIGENCE ON MARKET SHARE ISSUE AND MAKE IT VIRTUALLY IMPOSSIBLE TO REACH FINAL AGREEMENT BEFORE MEETING CONCLUDED. HE SAID THERE NO POINT TO FURTHER PRODUCER EFFORTS TO RESOLVE ISSUE AMONG THEMSELVES.

4. CALAZANS THEN LAUNCHED POINT-BY-POINT ATTACK ON CONSUMER PAPER ALLEGING ITS OBVIOUS PURPOSE IS TO DEPRESS MARKET PRICES AND KEEP THEM LOW FOR NEXT SEVERAL YEARS. HE CONCLUDED BY STATING PAPER DEMONSTRATES CONSUMER GOVERNMENTS NOT WILLING TO TRANSLATE THEIR POLITICAL STATEMENTS INTO CONCRETE TERMS.

5. GUATEMALAN REP REPEATED HIS GENERAL COMMENTS AND SUGGESTED WG PROCEED TO DISCUSS PAPER HEADING BY HEADING. UGANDAN REP (MUSOKE) WHO NORMALLY MOST CRITICAL OF CONSUMERS, INTERVENED TO NOTE PRODUCERS HAD BEEN TALKING FOR NEARLY THREE WEEKS WITHOUT ANY AGREEMENT. HE CALLED CONSUMER PAPER A "GOOD DOCUMENT TO START NEGOTIATIONS ON." OAMCAF REP (N'DIA) COMMENTED THAT CONSUMERS DESERVE LIMITED OFFICIAL USE

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NSCE-00 INRE-00 USIE-00 AGR-05 OIC-02 IO-10 PA-01

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 2717

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THANKS FOR GOOD EFFORT AND THAT PAPER DESERVES FURTHER
CONSIDERATION AND DISCUSSION TO CLOSE GAPS AND REACH
AGREEMENT. (COLOMBIA AND OTHER LA DELS SAT IN UNCOM-
FORTABLE SILENCE BUT INDICATED AFTER MEETING THEY HAD NO
MAJOR PROBLEMS WITH CONSUMER PAPER AS BASIS FOR FURTHER
DISCUSSIONS.)

6. CANADIAN DEL CONCEDED THAT CONSUMER PAPER MIGHT BE
SUPERFICIAL AND LATE, BUT NOTED IT WAS A RESPONSE TO
REQUEST FROM PRODUCERS (BRAZIL) FOR CONSUMERS TO SET OUT
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VIEWS. HE AGREED IT REFLECTED ONLY CONSUMER CONCERNS BUT NOTED CONSUMERS HAD INVITED PRODUCERS TO PRODUCE SIMILAR PAPER SETTING FORTH THEIR OWN INTERESTS. HE ALSO DISPUTED BRAZILIAN CONTENTION THAT CONSUMERS ONLY WANT REDUCED PRICES BUT ADDED CONSUMERS DO HAVE A LEGITIMATE INTEREST IN PROTECTING SELVES ON UP SIDE. U.S.DEL REFRAINED FROM INTERVENING IN ORDER TO AVOID CONTRIBUTING TO USELESS POLEMIC DEBATE.

7. MORNING MEETING CONCLUDED WITH AGREEMENT TO RESUME DISCUSSION OF CONSUMER PAPER IN AFTERNOON. WE UNDERSTAND CALAZANS RELEASED TEXT OF HIS REMARKS TO PRESS. ACCORDINGLY, CONSUMERS ALSO GAVE PRESS COPIES OF THEIR PAPER.

RICHARDSON

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